

10/01/78 President's Trip to Florida

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| Memo | <p>Brzezinski to Pres. Carter, w/attachments 7 pp., re: Arms Sales</p> <p><i>Opened 6/1/92</i></p> | 9/29/78 | A |

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THE WHITE HOUSE
WASHINGTON

Oct. 13, 1978

02

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jim McIntyre

~~SECRET~~ ATTACHMENT

~~SECRET~~

4607

MEMORANDUM

NATIONAL SECURITY COUNCIL

SECRET - GDS

September 29, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
SUBJECT: Aircraft Sales to Taiwan

Overview

We face a major arms transfer issue with the Republic of China (ROC) of how to respond to their request for a replacement interceptor with an all-weather capability for the 1980s. Their request is long-standing and has generated considerable congressional interest. Cy, Harold and I have considered and rejected the F-104S, the F-4E, a denatured version of the F-16, and additional F-5Es which are currently being coproduced on Taiwan.

We favor instead a modified all-weather version of the F-5E which would be designated the F-5G. We believe such a plane would be acceptable to the ROC and of all the options considered would be the least likely to provoke a negative PRC reaction sufficient to adversely affect our efforts toward normalization. Allowing the ROC to coproduce the envisioned 50 F-5G aircraft would demonstrate to the ROC and to the Congress that key defense links to Taiwan would continue after normalization even in the absence of a formal defense treaty.

Description of the F-5G

The all-weather F-5G is achieved by modifying the nose of the F-5E to incorporate the F-16 radar, and certain other avionics changes to allow the aircraft to fire the AIM-7 Sparrow radar missile, one of which would be carried under each wing. Like the F-5E, the F-5G would also carry an AIM-9 infrared missile on each wing tip. The two 20mm cannons of the F-5E would be replaced by a single multi-barrel cannon. In order to compensate for the increased weight and aerodynamic drag, a single F-18 engine (the GE 404) would replace the two smaller engines which power the F-5E. The technical risks associated with the proposed modifications are judged to be manageable by Defense.

SECRET - GDS

~~SECRET~~

*3619 =
I agree with
OMB & ACDA.
My preference
would be to offer
additional F-5Es
with the Ined.
option
J*

Jan 5/26/42

The most significant change in the performance of the F-5G over the F-5E aside from the acquisition of an all-weather radar missile air defense capability would be in its maneuverability and performance as an air superiority fighter. Its overall performance in that role would fall approximately mid-way between the F-5E and the F-16. Its range as a ground attack fighter would not be significantly increased over the F-5E already in Taiwan's inventory. While the proposed changes would enhance the F-5G's performance in several areas, the aircraft would remain limited by its basic airframe and planform design.

Policy Implications

The development of the F-5G raises several arms transfer policy issues. PD-13 prohibits the development or significant modification of a unique advanced system solely for export to other than exempt countries. The F-5G would involve the United States Government in modifying the F-5 to produce a new model which would not be destined for U.S. forces. On technical grounds, Defense argues that the change from the F-5E to the F-5G would be evolutionary, similar to the development of the F-5E from the F-5A and therefore would not be a significant modification, and no exception would be necessary. Defense also points out that the F-5G is not an advanced system even by today's standards and in any case, would not be delivered until 1984 at the earliest. In fact, it could meet recipient requirements effectively in cases where we were not prepared to offer more advanced systems such as the F-14, F-15, F-16, or F-18, and where we were unwilling to see these recipients turn to other suppliers.

State concurs in the Defense judgment that the sale to the ROC would not require an exception to PD-13. State points out that there is uncertainty surrounding the actual capabilities the F-5G will possess once it is built. However, even if it turned out to be more advanced than anticipated, the sale to the ROC would, in State's view, still qualify under the policy as a case where "countries friendly to the U.S. must depend on advanced weaponry to offset quantitative and other disadvantages in order to maintain a regional balance."

The JCS believes the F-5G could meet ROC air defense requirements, but that because of the uncertainty associated with an aircraft which has not yet been built, the United States should be prepared to offer an alternative acceptable all-weather aircraft, which in the early eighties might mean the F-14, F-15, F-16 or F-18, should the F-5G not progress as

planned. Also, the JCS point out that we should assist the ROC with additional F-5Es to bridge the gap between the phase-out of Taiwan's F-104Gs which have a limited all-weather capability and delivery of the F-5G.

On the other hand, Paul Warnke opposes sale of the F-5G to Taiwan on the grounds that a decision to authorize development of the F-5G would violate PD-13, and could have a significant adverse effect on efforts to restrain arms transfers throughout the 1980s.

ACDA argues that the F-5G could find overseas markets only by diverting scarce resources from economic development particularly among Third World countries. In order to make the price of the F-5G acceptable to the ROC, Northrop would need to amortize the development costs over 300-500 aircraft. ACDA maintains that USG approval of the 50 F-5Gs for Taiwan would therefore imply approval of a sufficient number of F-5Gs to make the project economic for Northrop. By going ahead with the Taiwan deal, we would be creating an aircraft which would depend on foreign sales to be sustained.

From an arms control standpoint, ACDA feels the best decision would be to meet Taiwan's defense needs by selling additional F-5Es. However, if F-5Es are unacceptable for political reasons, and an all-weather aircraft must be chosen, ACDA would prefer a version of the F-4 without significant air-to-ground capability, which could meet Taiwan's perceived need for an all-weather interceptor, with less adverse effects on our efforts to restrain arms transfers than the F-5G.

However, as Harold points out, the F-4 range would be double that of the F-5; the ROC could restore the air-to-ground capability, with double the payload of the F-5G; and other countries (like Pakistan) will eventually also ask for the F-4.

Suggested Approach

Accordingly, I believe the F-5G is the best solution to the issue posed by Taiwan's request for a follow-on interceptor and our efforts toward normalization with the PRC. I concur with Harold and Cy that the sale to the ROC does not require an exception to PD-13 and see merit in the argument that the F-5G represents a less sophisticated aircraft to meet recipient needs in the mid-eighties than other aircraft which will be available.

Within the last two weeks, the ROC has formally amended its request and now asks specifically to extend the current F-5 coproduction schedule for an additional 48 aircraft and then to coproduce 50 F-5Gs. I believe we should respond positively to this request.

After informing the ROC Government of the U.S. decision, DOD should begin negotiations with the ROC and Northrop to finalize a satisfactory design and develop a memorandum of understanding (MOU) to continue the coproduction. Congressional notification of the MOU would be required before it could be formally concluded with the ROC.

There is no need at this point to assure Northrop of subsequent sales. We can indicate that the F-5G will be allowed to compete under the terms of our policy with other aircraft which may be developed by other firms.

RECOMMENDATION

That you approve the development and sale of the F-5G to the ROC along the lines described above. (Cy and Harold concur.)

Approve _____ Disapprove _____

~~SECRET~~

GDS



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

2 OCT 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. *J. McIntyre*

SUBJECT: Brzezinski Memo on F-5s to Taiwan

I have two concerns regarding the proposed F-5G arrangement with Taiwan, both of which relate to the future "reputation" of your arms transfer policy. First, I have difficulty seeing how we can maintain public credibility in arguing that the F-5G would not violate PD-13's prohibition against "the development or significant modifications of a unique advanced system solely for export...." Whatever we decide "significant" to mean, I believe we stretch our credibility with the F-5Gs new all-weather interceptor capability (the F-5E is a day fighter only) and substantially improved combat performance (its thrust-to-weight characteristics will be in the F-16/F-18 class).

Zbig, Cy, and Harold believe this aspect of PD-13 can be managed. I am skeptical, and am even more concerned about a second problem, the financial aspects of the F-5G plan. I do not believe we can leave Northrup "hanging," as Zbig's approach would do (In his words, "there is no need at this point to assure Northrup of subsequent sales"). Approval of this sale without explicit disclaimer will be seen by the rest of the industry (and by critics of PD-13 on both extremes) as a "sweetheart" arrangement in order to make the Taiwan sale financially prudent for the manufacturer.

It is difficult for me to see where the 300-500 additional sales necessary for Northrup to be able to offer a competitive price would come from. Most of our purchasers of new fighters have already moved to the highly sophisticated models (F-16, F-15, etc.), and are not likely to be very interested in the F-5G. Pressure can be expected to rise sharply for sales to the very nations -- Pakistan, Philippines, etc. -- where we have exercised the tightest restraint. In short, we risk both a domestic outcry and the integrity of PD-13 if we make too vague an arrangement with the contractor in this case.

Recommendation. If you approve the sale of F-5Gs to Taiwan, that you do so (a) as an exception to PD-13, and (b) with a specific disclaimer that this approval in no way constitutes acceptance of any additional sales (each of which would also require an exception).

~~SECRET~~

GDS

Jay 5/26/92

ID 784933

THE WHITE HOUSE

WASHINGTON

DATE: 29 SEP 78

FOR ACTION: JIM MCINTYRE (RANDY JAYNE

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: SECRET BRZEZINSKI MEMO RE AIRCRAFT SALES TO TAIWAN

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM MONDAY 02 SEP 78 +

+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*done
back up*

~~SECRET~~

DECLASSIFIED
E.O. 12958, SEC. 3.4(h)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY *Jay* NARS, DATE *5/24/92*

THE WHITE HOUSE
WASHINGTON

Q
Oct. 1.

Mr. President -

A year ago I sent
you a phony message
from Bushner on the
occasion of your "56th"
birthday.

This is genuine, however;
I do wish you warmly
all the very best on
becoming 2 years less.

Wij.

THE WHITE HOUSE
WASHINGTON

Mr. President:

Should I plan a lunch for
you, Vance and Gromyko in

_____ the Oval Office

_____ the patio

Mansion

Phil

SALUTATION FOR NASA SPEECH

① GOVERNOR ASKEW . . . ⑤ CONGRESSMAN TIGER TEAGUE, RETIRING
CHAIRMAN OF THE COMMITTEE ON SCIENCE AND TECHNOLOGY, WHO HAS DONE
SO MUCH TO BUILD OUR SPACE PROGRAM AND WHO WROTE THE LEGISLATION
ESTABLISHING THE SPACE MEDAL OF HONOR . . . MEMBERS OF THE FLORIDA
DELEGATION, INCLUDING ② SENATOR CHILES, ③ SENATOR STONE, ⑥ CONGRESSMAN
⑦ FUQUA, AND CONGRESSMAN GIBBONS . . . ④ SENATOR STEVENSON, DISTINGUISHED
CHAIRMAN OF THE SUBCOMMITTEE ON ENERGY AND TECHNOLOGY . . .
⑧ CONGRESSWOMAN BOGGS . . . LADIES AND GENTLEMEN:

PRESIDENT JIMMY CARTER
REMARKS TO KENNEDY SPACE CENTER
SUNDAY, OCTOBER 1, 1978

DR. FROSC, THANK YOU FOR THAT FINE INTRODUCTION.

SEN CHILES, SEN STONE
GOVERNOR ASKEW ... DISTINGUISHED MEMBERS OF THE UNITED STATES
~~SENATE AND~~ HOUSE OF REPRESENTATIVES WHO ARE HERE WITH US, BOTH FROM
THE FLORIDA DELEGATION AND FROM OTHER STATES ... CONGRESSMAN TIGER
TIGUE, RETIRING CHAIRMAN OF THE COMMITTEE ON SCIENCE AND TECHNOLOGY,
WHO HAS DONE SO MUCH TO BUILD OUR SPACE PROGRAM AND WHO WROTE THE
LEGISLATION ESTABLISHING THE SPACE MEDAL OF HONOR ... LADIES AND
GENTLEMEN:

(-OVER-) (WE ARE HERE TODAY)

2

WE ARE HERE TODAY TO RECOGNIZE AND HONOR SIX AMERICAN PIONEERS
OF THE FARTHEST AND HIGHEST OF ALL FRONTIERS -- THE FRONTIER OF SPACE.

WE HONOR THEM FOR THEIR INDIVIDUAL QUALITIES -- THEIR
DEDICATION, THEIR SKILL, THEIR EXTRAORDINARY COURAGE.

BUT WE DO MORE THAN THAT.

WHAT THESE MEN HAVE DONE IS THE MOST VISIBLE PART OF A VAST
AND CONTINUING COLLECTIVE ACCOMPLISHMENT.

(-NEW PAGE-) (TENS OF THOUSANDS)

3

TENS OF THOUSANDS OF AMERICANS -- INCLUDING SCIENTISTS,
ENGINEERS, ADMINISTRATORS, SKILLED WORKERS, AND OTHERS -- HAVE
CONTRIBUTED DIRECTLY TO THE SUCCESS OF THE AMERICAN SPACE ENTERPRISE.

THEY, IN TURN, HAVE HAD THE SUPPORT OF A NATION, AND THE
GOOD WISHES OF A PLANET.

THE GLORY THAT BELONGS TO THE SIX RECIPIENTS OF THE SPACE
MEDAL OF HONOR BELONGS EQUALLY TO THOSE WHO HELPED THEM -- AND, IN
A REAL SENSE, TO ALL HUMANITY.

THIS DOES NOT DIMINISH ~~THE~~ *THE* GLORY OF THESE AMERICAN
IT ENLARGES IT. *HEROES.*

(-OVER-) (IT IS FITTING)

IT IS FITTING THAT THESE CEREMONIES TAKE PLACE TODAY, ON THE 20TH ANNIVERSARY OF THE FOUNDING OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION.

AND IT IS FITTING THAT THEY TAKE PLACE HERE, WHERE THE SHIPS THAT TOOK MEN TO THE MOON WERE LAUNCHED, AND WHERE WE WILL TAKE OUR NEXT GREAT STEP INTO SPACE WITH THE FIRST FLIGHT OF THE SPACE SHUTTLE.

THE AGE OF SPACE CAN NOW BE SAID TO HAVE REACHED THE THRESHOLD OF ITS MATURITY.

(-NEW PAGE-) (IT BEGAN 21 YEARS AGO..)

IT BEGAN 21 YEARS AGO THIS WEEK WITH THE LAUNCHING OF SPUTNIK I.

THAT REMARKABLE ACHIEVEMENT GALVANIZED OUR OWN SPACE EFFORTS.

WE HAVE MET THE CHALLENGE FULLY.

INDEED, WE HAVE GONE FAR BEYOND IT.

AS AMERICANS, WE ARE PROUD OF OUR ACHIEVEMENTS, AND GLAD OF THE BENEFITS THEY HAVE BROUGHT OUR NATION, AND, INDEED, THE ENTIRE WORLD.

WE OFTEN SPEAK OF PROGRESS.

BUT THERE IS NOTHING IN SCIENTIFIC AND TECHNOLOGICAL EXPERIENCE TO COMPARE WITH THE ENORMOUS LEAPS WE HAVE MADE IN THE BRIEF SPAN OF THE TWO DECADES OF THE SPACE AGE.

(-OVER-) (WE HAVE WORKED)

WE HAVE ^{PERFORMED} ~~WORKED~~ WHAT ANY ^{GENERATION} ~~OTHER TIME~~ WOULD HAVE CONSIDERED MIRACLES.

WE HAVE TAKEN THE STUFF OF FANTASY, AND WE HAVE TURNED IT INTO REALITY.

THE DREAMS OF A FEW VISIONARIES HAVE BECOME A PART OF THE EVERYDAY LIVES OF HUNDREDS OF MILLIONS OF PEOPLE.

CONSIDER WHAT WE HAVE DONE IN JUST ONE QUARTER OF A HUMAN LIFETIME:

(-NEW PAGE-) (WE HAVE PUT MEN)

7

WE HAVE PUT MEN IN ORBIT AROUND THE EARTH AND THE MOON --
AND MACHINES IN ORBIT AROUND THE EARTH, THE MOON, THE SUN, AND THE
PLANET MARS.

WE HAVE LEARNED TO MANEUVER IN SPACE, TO DOCK IN SPACE, AND
EVEN TO WALK IN SPACE.

ON BOARD SKYLAB, WE HAVE LEARNED TO LIVE AND WORK IN A
WEIGHTLESS ENVIRONMENT FOR MANY WEEKS AT A TIME.

WE HAVE BEGUN THE EXPLORATION OF THE INNER AND OUTER PLANETS.

(-OVER-) (TWO AMERICAN VIKINGS)

8

TWO AMERICAN VIKINGS HAVE BEEN SENDING BACK VALUABLE SCIENTIFIC
DATA FROM THE SURFACE OF MARS FOR MORE THAN TWO YEARS.

PIONEER 10 HAS PASSED JUPITER AND IS ON ITS WAY TO INTER-
STELLAR SPACE.

IT WILL BE THE FIRST TANGIBLE PRODUCT OF HUMAN HANDS TO LEAVE
THE SOLAR SYSTEM.

ITS FLIGHT TIME MAY TURN OUT TO BE LONGER THAN THE LIFE OF
THE CIVILIZATION THAT LAUNCHED IT, AND ITS DESTINATION IS UNKNOWN --
BUT, LIKE THE ENTIRE EFFORT OF SPACE EXPLORATION, IT IS A STRIKING
SYMBOL OF HUMAN CURIOSITY, HUMAN INGENUITY, AND THE VERY HUMAN DESIRE
TO COMMUNICATE.

(-NEW CARD-) (AND, OF COURSE,....)

9

AND, OF COURSE, WE WENT TO THE SURFACE OF THE MOON -- NOT ONCE
BUT SIX TIMES, AND EACH TIME THE ASTRONAUTS RETURNED SAFELY TO THEIR
HOME PLANET AND THEIR HOME COUNTRY.

IN THE NINE YEARS SINCE A MAN TOOK THAT ONE SMALL STEP, THE
GIANT LEAP IT REPRESENTED HAS ALMOST COME TO BE TAKEN FOR GRANTED.

YET, AT THE OUTSET, MANY DOUBTED IT COULD BE DONE AT ALL,
AND MANY MORE DOUBTED IT COULD BE DONE IN SO SHORT A TIME.

BUT IT WAS DONE -- AND DONE MAGNIFICENTLY.

THE GOAL WAS MET.

(-OVER-) (AND THIS GREAT)

AND THIS GREAT SPACE CENTER IS DESERVEDLY NAMED FOR THE MAN
WHO SUMMONED HIS FELLOW CITIZENS TO AN EXTRAORDINARY ADVENTURE,
PRESIDENT JOHN F. KENNEDY.

WE WENT TO THE MOON, IN PART, AS A MATTER OF NATIONAL PRIDE.

BUT WHEN WE GOT THERE, WE DISCOVERED SOMETHING VERY INTERESTING.
THROUGH THE EYES AND CAMERAS OF THE ASTRONAUTS, WE LOOKED BACK
AT THE EARTH.

ABOVE THE STRANGE HORIZON OF THE MOON, IN A PITCH BLACK SKY,
WE SAW OUR OWN WORLD AS A SINGLE DELICATE GLOBE OF SWIRLING BLUE,
WHITE, GREEN, AND BROWN.

(-NEW PAGE-) (FROM THE PERSPECTIVE,...)

FROM THE PERSPECTIVE OF SPACE, OUR PLANET HAS NO NATIONAL
BOUNDARIES.

IT IS VERY BEAUTIFUL, BUT IT IS ALSO VERY FRAGILE.

AND IT IS THE SPECIAL RESPONSIBILITY OF THE HUMAN RACE TO
PRESERVE IT.

OF ALL THE THINGS WE HAVE LEARNED FROM OUR EXPLORATIONS OF
SPACE, NONE HAS BEEN MORE IMPORTANT THAN THIS PERCEPTION OF THE
ESSENTIAL UNITY OF OUR WORLD.

*CAL TECH- NEW MINI PLANET - RA-SHALOM
EARTH/MERCURY*

(-OVER-) (SPACE HAS BROUGHT US)

RA (EGYPTIAN SUN-GOD)

SPACE HAS BROUGHT US A GREAT DEAL OF KNOWLEDGE; IT MAY ALSO
HAVE BROUGHT US A MEASURE OF WISDOM.

TODAY WE CELEBRATE THE ACCOMPLISHMENTS OF THE PAST.

IN THE SPIRIT OF THE MEN WE HONOR, WE ALSO LOOK TOWARD THE
FUTURE -- A FUTURE THAT IS AS EXCITING AS ANYTHING THAT HAS GONE BEFORE.

THE FIRST GREAT ERA OF THE SPACE AGE IS OVER.

THE SECOND IS ABOUT TO BEGIN.

IT WILL COME INTO ITS OWN WHEN THE SPACE SHUTTLE -- THE HEART
OF OUR NEW SPACE TRANSPORTATION SYSTEM -- BECOMES OPERATIONAL.

(-NEW PAGE-) (WITH ITS ABILITY)

WITH ITS ABILITY TO LIFT A PAYLOAD OF UP TO 32 TONS INTO ORBIT,
ON MISSION AFTER MISSION, THE SHUTTLE WILL GIVE US REGULAR, FREQUENT,
AND ECONOMICAL ACCESS TO SPACE.

LIKE THE SEA, THE LAND, AND THE AIR, SPACE WILL BECOME AN
ENVIRONMENT IN WHICH HUMAN BEINGS CAN LIVE AND WORK FOR THE WELFARE
OF THEIR SPECIES.

PARADOXICALLY, THE MOST EXCITING THING ABOUT THE SPACE
SHUTTLE IS THAT IT WILL MAKE OUR USE OF SPACE ROUTINE.

(-OVER-) (THE FIRST GENERATION)

THE FIRST GENERATION OF SPACE ACTIVITIES WAS DRIVEN, IN LARGE
PART, BY A SINGLE OVERRIDING GOAL -- THE QUEST FOR THE MOON.

IN THE SECOND GENERATION -- THANKS TO THE VERSATILITY OF
THE SHUTTLE -- OUR ACTIVITIES IN SPACE WILL BE ENORMOUSLY VARIED.

WE HAVE INVESTED SOME ONE HUNDRED BILLION DOLLARS OVER THE
HISTORY OF OUR SPACE PROGRAMS.

IT IS NOW TIME FOR US TO CAPITALIZE ON OUR INVESTMENT.

WE HAVE ALREADY REAPED MANY PRACTICAL BENEFITS FROM SPACE.

OVER THE NEXT GENERATION, THOSE BENEFITS WILL INCREASE
GEOMETRICALLY.

(-NEW PAGE-) (COMMUNICATIONS)

COMMUNICATIONS SATELLITES HAVE ALREADY MADE GLOBAL
COMMUNICATIONS INSTANTANEOUS, RELIABLE, AND CHEAP.

THEY HAVE BROUGHT REMOTE AREAS OF OUR EARTH OUT OF THEIR
ISOLATION.

WE WILL CONTINUE TO DEVELOP THEM.

WEATHER SATELLITES HAVE ALREADY SAVED BILLIONS OF DOLLARS AND
THOUSANDS OF LIVES THROUGH EARLY WARNINGS OF HURRICANES AND FLOODS.

WE WILL CONTINUE TO DEVELOP THEM.

WE HAVE GREATLY STRENGTHENED OUR NATIONAL SECURITY THROUGH
DEFENSE SPACE APPLICATIONS.

(-OVER-) (WE WILL CONTINUE)

WE WILL CONTINUE TO DEVELOP THESE CAPABILITIES.

PHOTORECONNAISSANCE SATELLITES HAVE BECOME AN IMPORTANT STABILIZING FACTOR IN WORLD AFFAIRS.

IN THE MONITORING OF ARMS CONTROL AGREEMENTS, THEY MAKE AN IMMENSE CONTRIBUTION TO THE SECURITY OF ALL NATIONS.

WE SHALL CONTINUE TO DEVELOP THEM.

EARTH RESOURCES SATELLITES HAVE ALREADY PROVED THEIR VALUE TO MANY COUNTRIES.

(-NEW PAGE-) (THROUGH REMOTE)

THROUGH REMOTE SENSING, THEY TELL US ABOUT EVERYTHING FROM THE LOCATION OF MINERAL AND ENERGY DEPOSITS TO THE CONDITION OF OUR CROPS -- FROM THE MOTION OF ICEBERGS TO THE HEALTH OF THE OCEANS.

WE WILL CONTINUE TO DEVELOP AND USE THESE SATELLITES FOR THE BENEFIT OF ALL PEOPLE THROUGHOUT THE WORLD.

ABOARD THE SHUTTLE ON MANY OF ITS MISSIONS WILL BE THE EUROPEAN-BUILT LABORATORY, THE SPACELAB.

SCIENTISTS OF MANY NATIONS WILL USE THE SPACELAB TO DO RESEARCH IN ALL BRANCHES OF SCIENCE AND ENGINEERING.

(-OVER-) (NO ONE CAN SAY)

NO ONE CAN SAY WHERE THIS RESEARCH WILL LEAD.

BUT CAREFULLY SELECTED EXPERIMENTS COULD YIELD DIRECT BENEFITS IN THE COMING DECADES.

I AM OFTEN ASKED ABOUT SPACE FACTORIES, SOLAR POWER SATELLITES, AND OTHER LARGE-SCALE ENGINEERING PROJECTS IN SPACE.

IN MY JUDGMENT, IT IS TOO EARLY TO COMMIT THE NATION TO SUCH PROJECTS.

BUT WE WILL CONTINUE THE EVOLVING DEVELOPMENT OF OUR TECHNOLOGY, TAKING INTERMEDIATE STEPS THAT WILL KEEP OPEN POSSIBILITIES FOR THE FUTURE.

(-NEW PAGE-) (DURING THE PERIOD)

19

DURING THE PERIOD OF THE SATURN-APOLLO MISSIONS, WE WERE
-PILGRIMS IN SPACE, RANGING FAR FROM HOME IN SEARCH OF KNOWLEDGE.
NOW WE WILL BECOME SHEPHERDS, TENDING OUR TECHNOLOGICAL FLOCKS.
BUT LIKE THE SHEPHERDS OF OLD, WE WILL KEEP OUR EYES ON
THE HEAVENS.

WE ARE COMMITTED TO THE PRACTICAL USES OF SPACE.
BUT WE ARE EQUALLY COMMITTED TO THE SCIENTIFIC EXPLORATION
OF THE SOLAR SYSTEM AND THE UNIVERSE.

(-OVER-) (IN THE 1980s AND 1990s....)

20

IN THE 1980s AND 1990s, WE WILL CONTINUE THE DIRECT
RECONNAISSANCE OF THE SOLAR SYSTEM.

THROUGH THE EYES OF OUR REMOTE CAMERAS, WE WILL SEE MARS
AND VENUS; JUPITER AND ITS MOONS; SATURN, ITS MOONS AND ITS RINGS;
AND COMETS AND ASTEROIDS.

THE STUDY OF OTHER PLANETS -- THEIR CLIMATE, GEOLOGY,
GEOPHYSICS, AND PERHAPS THEIR BIOLOGY -- WILL INCREASE OUR UNDER-
STANDING OF OUR OWN.

WE WILL SEEK TO LEARN MORE ABOUT THE SUN.

(-NEW PAGE-) (MANY MISSIONS)

21

MANY MISSIONS WILL AIM AT THIS GOAL IN THE YEARS TO COME.

IN ONE OF THEM, AN INSTRUMENTED PROBE WILL JOURNEY FAR
ABOVE THE PLANE OF THE SOLAR SYSTEM, TO LOOK DOWN AT THE NEVER-BEFORE-
SEEN POLAR REGIONS OF THE SUN.

AND, FINALLY, WE WILL LOOK OUT FROM EARTH ORBIT TO THE VERY
EDGE OF THE UNIVERSE -- NOTABLY BY MEANS OF THE SPACE TELESCOPE.

(-OVER-) (IN ITS ORBIT)

IN ITS ORBIT THREE HUNDRED MILES ABOVE THE EARTH'S SURFACE,
THE SPACE TELESCOPE WILL AT LAST LET US SEE THE UNIVERSE WITHOUT
INTERFERENCE FROM THE EARTH'S OBSCURING ATMOSPHERE.

IT WILL BE THE CENTERPIECE OF ASTRONOMY FOR THE DECADE
BEGINNING IN THE MID-80s.

ITS CONTRIBUTIONS MAY DWARF ALL BUT THE MOST FUNDAMENTAL
DISCOVERIES OF THE PAST, LEADING TO A QUANTUM GROWTH IN OUR UNDER-
STANDING OF THE BASIC NATURE OF TIME, MATTER AND ENERGY.

(-NEW PAGE-) (IN THE COMING)

IN THE COMING GENERATION, THE SCOPE AND RANGE OF OUR SPACE
ACTIVITIES WILL REFLECT THE RANGE OF OUR REQUIREMENTS AND INTERESTS
AS A VIGOROUS, RESPONSIBLE, AND FREE SOCIETY.

THOSE ACTIVITIES WILL BE MEASURED AGAINST ALL THE NEEDS OF
OUR COUNTRY.

WE WILL BE ENCOURAGING OTHER COUNTRIES TO PARTICIPATE BOTH
IN THE WORK AND IN ITS BENEFITS.

BUT WE WILL NOT GIVE UP OUR LEADERSHIP.

(-OVER-) (IN THE LAST ANALYSIS)

IN THE LAST ANALYSIS, THE CHALLENGE OF SPACE TAKES US VERY
CLOSE TO THE HEART OF THINGS.

IT BRINGS US FACE TO FACE WITH THE MYSTERIES OF CREATION,
MATTER, ENERGY, AND LIFE.

THE MEN WE HONOR TODAY MET THAT CHALLENGE, AND WERE EQUAL TO IT.
OUR NATION MET THAT CHALLENGE, AND WAS EQUAL TO IT.

AND IN THE FINAL TWO DECADES OF THE 20TH CENTURY, AMERICA
WILL REACH OUT ONCE MORE TO THE BEAUTY AND MYSTERY OF SPACE.

AND, ONCE MORE, AMERICA WILL BE EQUAL TO THE TASK.

THANK YOU.

THE WHITE HOUSE
WASHINGTON

10/2/78

rick--

presume the original
is with 'rafshoon, owen
or fallows'

-- susan

P/s get original

To Kaphoon -
Henry Owen
or Fallows

ICC = He write = keep it brief as possible. No unnecessary words.

I want it bold & global = Hit hard on what these fat cats ought to do =
Include:

First priority is peace. Govt & private responsibility - trade relationships often transcend political relationships in building understanding between nations. (US/Japan pre 1941)

I want to increase trade substantially with USSR & PRC Compatible with US security considerations

Social consciousness also both govt & private responsibility. Rep delegates hard on exploitation of weak nations, poor workers, racism, bribery and corruption. H/s goals, fairness, equity, equality of opportunity for better life.

Justice, human rights wave of present and future, now that nationalism wave has been successful

Need understanding of individualism & diversity of world's people

Now is a time of relative calm & peace - opportunity to assess and strive for long range mutual commitments to future.

We share problems. population explosion, hunger, environment quality, energy. (We will do nothing to obstruct exploration and development of worldwide energy resources. Our great technology is available)

Big need is to bring into the present western economic structure the Eastern nations & OPEC nations. We should do this aggressively & fairly.

Minimize govt regulation. Statistics on international airline traffic rates.

Control terrorism. Brief review of Pan Am hijacking decision (2 sentences)

US emphasize exports more than in past.

Discourage protectionism - lay large blame on private sector for pressures exerted on gov'ts.

Too much currency speculation. We'll keep strong dollar

(in other confrontation states)
People of Mideast want peace more than their leaders realize - Use Sadat visit reaction to C David in Israel/Egypt to 'prove point.

U.S. food production a great world resource. Increase & stabilize food supplies

THE WHITE HOUSE

WASHINGTON

September 30, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: CARYL CONNER *cc*

SUBJECT: Attached ICC Speech

The attached draft reflects the fact that this audience -- international corporate chief executives -- requires a speech with a broad, lofty, approach.

It has been approved by Jerry Rafshoon, Peter Gould (CEA), David Rubenstein (DPC) and Henry Owen, and cleared with State and Treasury.

The International Chamber represents 70 countries. The membership is very private-enterprise oriented, but they have considerable concern for corporate social responsibility. About ten percent of the membership is American.

They meet in a different country every third year, and the chief executive of the host country is always the opening speaker. Some of the past addresses have been on a high intellectual level; many are quite visionary.

Kurt Waldheim will be the only other opening speaker. Henry Kissinger will be the closing day speaker.

This draft is an effort to get the message on fiscal responsibility out to the international audience, without sacrificing the opportunity to support social responsibility.

I will be on the plan~~e~~ if you wish to make revisions.

INTERNATIONAL CHAMBER OF COMMERCE
Disneyworld, October 1, 1978

Thank you Governor Askew. Secretary General Waldheim,
Mr. MacGregor, distinguished guests:

It is with much pleasure and considerable pride that
I welcome the International Chamber of Commerce to its
third Congress on U.S. soil. I welcome you as visitors
to our Nation, as members of this unique international
forum and -- more importantly -- I welcome you individually
as leaders and molders of world opinion.

*one
Sentence*

Collectively the economic power represented in this
room can do more than many sovereign nations to determine
how the world's people live, work and face their future.

The world has changed profoundly in the twenty years
since this powerful assemblage last met in this country.

In the next six days you will explore a good many of these changes -- you have an impressive agenda and I know your proceedings will be fruitful and instructive.

Some of these changes have led us to reexamine basic assumptions about the nature of our global arrangements, and our hopes and expectations for the future.

I'd like to talk to you this evening about the things the United States is doing to adapt to these changes, and to work with others in achieving our common goals.

I don't think there is much dispute about what the goals are. We all share the age-old yearnings for a clean and decent world in which every individual and every nation can make the decisions that affect their lives in an atmosphere free of coercion and tyranny.

We all seek an abundant future for the world's citizens, a day when all have a fair share of what the world has to

offer, a day when we improve the lopsided global distribution of opportunity and resources.

We all want a world free from war, pestilence and poverty, a world in which people are productively employed and adequately rewarded, a world in which each of us live decently and in dignity, free to pursue our individual dreams and contribute our unique and special talents.

These are timeless goals; but in the last two decades basic structural changes have irreversibly modified the traditional economic order. These changes have altered our perceptions, our ways of doing business, and our expectations for the future. ~~Let me mention four of these~~ changes:

First, we have come to take for granted the fact of global interdependence -- social, political and

economic. Today's corporate and political leaders, whether in market or non-market economies, know we have a common stake in a common future. We share a basic recognition that our destinies are linked. It has become far easier for any one of us to hurt or help our neighbors -- and therefore far more important for all of us to work in concert.

abbreviate

Second, we have been jolted out of our assumptions about the inevitability of steady growth. It is starkly apparent that the era of cheap, abundant energy is over.

We can no longer assume that economic growth will resolve the problems of global poverty and inequity.

Today each of us -- whether in the public or in the private sector -- must seek to conserve resources,

even as we work to develop them.

Third, it is equally apparent that the era of Great Power dominance is over. Old colonial empires have fallen and dozens of new nations have risen in their place. New political alliances among Third and Fourth World nations have radically altered traditional political arrangements, just as petrodollars have radically altered traditional economic arrangements.

Fourth, technology -- particularly transportation and communication technology -- has changed the nature and character of work everywhere in the world. It has created a global marketplace -- not just a market for buying and selling, but an interlocking network of plants, labor, goods and

services. Today's commerce leaps all political and physical boundaries -- we are fast approaching the day when no significant company will confine its operation to a single country. This explosive growth of multinationals is creating a managerial force with a true world view. The consequences of decisions made in private boardrooms are felt -- for good or ill -- around the world.

had word

These changes affect each of us. Differing philosophies and constituencies may lead us to different conclusions about their meaning, but all of us are seeking a workable and creative approach to the problems they pose in the days and years ahead.

Working together, as interdependent friends, the public and private sector can solve these problems.

We have the grace of time. The world is not in robust good health, but we have certainly been in worse shape -- as we can all remember.

re
word

There is a good deal that government can do to make this planet of ours a better and more prosperous dwelling place. Because of its great power and influence, the United States has a special responsibility to help bridge the gap between our less-than-perfect world of today and the better world we seek.

I'd like to talk this evening about one very specific -- but extremely important -- responsibility.

I want to talk about the responsibility the United States is prepared to assume for global economic stability and well-being. We can only discharge this responsibility in cooperation with other countries.

No nation is an economic island. Inflation and recession

anywhere affect peoples everywhere. Global problems can only be attacked by global approaches.

That is why the seven major Western industrial nations agreed in Bonn last July that if any of us were to achieve economic stability, all of us must work together -- and we agreed on the cooperative steps we must take.

We agreed on a global strategy to control inflation and cut world-wide unemployment, to expand international trade, produce and conserve energy, aid developing nations and bring greater stability to international exchange markets.

As part of this strategy, some of our major trading partners pledged a faster growth rate in order to increase world economic demand and help equalize trade imbalances.

In turn, I pledged to end our excessive dependence on foreign oil, to carry out a tough U.S. anti-inflation

Brief

program and to increase our exports. The seven nations pledged to seek more rapid progress in multilateral trade negotiations.

Both Germany and Japan have acted to stimulate their domestic economies since the Bonn Summit. The German government is proposing to its parliament the one percent stimulus it pledged. The Japanese government is taking welcome expansionist action. I am confident that, if further measures are necessary to achieve Japan's growth target, they will be taken.

In turn, the United States is going to meet its obligations to control inflation, cut back on energy use and expand our exports. Let me tell you what the United States has done since July.

The Senate has passed the natural gas bill, and full Congressional approval is now in sight. This is the

brief

*Much
brief*

centerpiece of our energy legislation. We are going to pass an energy conservation program. These legislative tools will help the United States keep the promises we made in Bonn.

We have adopted an austere, responsible fiscal policy.

We have cut the budget deficit by well over one-third -- from sixty-six billion dollars when I was nominated to the low forties of billions of dollars for the fiscal year which starts today.

We will keep right on cutting the deficit just as fast as the strength of our economy permits.

We will soon announce a tough new anti-inflation program.

In addition, we are examining the ways government itself

Much briefer

aggravates inflation, and we will end it whenever possible.

We have put a freeze on Federal Executive salaries, and restrained salaries for the whole Federal work force.

We have a Civil Service Reform Bill that will help rid the bureaucracy of waste and inefficiency. We are calling for sacrifice from every sector of the economy. But that is not all.

We are going to ensure that regulation is confined to those areas where it is essential for health, safety and environmental reasons -- and we will make sure that it is not excessively costly. We are making progress in this area.

We are returning to the market where the market can do the job -- the airline deregulation bill is an excellent example of this process. Fares came down six months ago

Much briefer

in anticipation of this legislation, and industry profits
have never been higher.

Getting control of inflation is not our only economic
goal, but it is an essential prerequisite to steady,
sustainable growth, both domestically and internationally.

Because the United States has been blessed with an
abundance of natural resources, we became used to being
almost self-sufficient as a nation. For that reason we
paid little attention to exports. Now the extraordinary
increase in the quantity, and the price, of imported oil
has, in combination with other factors, created a massive
deficit in our current account balance.

Our new export policy is designed to help decrease
that deficit. The new measures include a variety of
forms of direct assistance to U.S. exporters, a reduction
of domestic export barriers, and new international

initiatives to reduce barriers to our goods in world markets.

We will cut unnecessary government interference and regulation in the conduct of our international business, as we have been cutting it in our domestic business.

We are going to develop a climate that encourages small and medium-size U.S. businesses to get their products into the world marketplace.

The U.S. share of global exports has been going downhill for twenty years, largely because the huge U.S. domestic market was able to absorb almost all we could produce. This has to change -- we cannot bring our external accounts into balance without major increases in the export of our agricultural, industrial and consumer

goods. U.S. participation in the world's one trillion dollar trading activity must expand. Increasing U.S. exports is a major challenge for our domestic producers -- for business, for labor and for the private institutions that finance them. This expansion must take place in a fashion consistent with our international obligations. U.S. export increases should be part of an overall expansion in world trade. This is why my Administration is committed to the successful conclusion of the Multilateral Trade Negotiations. I am confident the trade pledges made by the leaders at Bonn will be fulfilled.

Dr. E. A. Tamm

U.S. export performance is a matter of international concern. Export growth here will spur the world economy. Reducing our trade deficit will strengthen the dollar.

We need a sound dollar, and fully accept the responsibilities that go with its role as the international reserve currency.

Our present policies are designed to achieve that goal.

These policies, in conjunction with those of other countries, are bearing fruit, as the recent report of the IMF Managing Director makes clear. I have no doubt that in time the dollar will rise in response to emerging economic trends. Meanwhile, several monetary steps have been taken to facilitate orderly functioning of exchange markets.

Stable, non-inflationary growth also enables public and private institutions to meet their obligations to the poor two-thirds of the world. We must do more to help these countries -- by trade, aid and other measures. Private enterprise has a large role to play in this effort. World prosperity depends at least as much on the wisdom and foresight of private business leaders as on the good sense of government.

In the market economies, the private sector has always worked cooperatively with government to shape social objectives. In this country, for example, the business community provided commendable support for the Anti-Boycott legislation enacted by Congress.

Transnational enterprises contribute to growth in all host countries. This is especially true in the developing world in all the ways that have become familiar -- by the transfer of capital and technology, and managerial and entrepreneurial skills; by creating jobs, increasing productivity and aiding in the development of natural resources and markets.

The actions of corporate and financial leaders who make private policy have other, less obvious, effects.

As the experience of black America shows, raising

expectations can be the catalyst for progress in future generations.

If that is so -- and I believe it is -- the true contributions of multinationals is not only raising wages and skill levels, but also raising social, cultural and material aspirations in the poor two-thirds of the world.

*Corruption
bribery*

*no
hit
hard*

This is an investment well worth making. We have a large stake in the progress of these nations. This is not a zero-sum game in which "their" gains lead to "our" losses. Everyone wins. As a higher standard of living in the poorer nations raises their output, the benefits of this economic stimulus will spread throughout the developed as well as the developing world.

But new aspirations -- along with new knowledge and new confidence -- hold more than economic promise. The

real hope is a better future. Economic development is not an end in itself, but the route to a better life for future generations. It is the answer to mass misery; the promise for those who lead lives of futility and despair.

I believe, as I know you do, that the best way to achieve the world we seek is through a free political and economic system. This means a political system in which governments answer for their actions to their peoples. It means an economic system in which resources are allocated mainly by private decisions. I believe in the free market. I prospered in it as a businessman; I know it is the best route to progress for all.

Multinational corporations help generate this progress, and, in so doing, they help shape the future quality of life throughout the world. Only through steady increases in output can we overcome global disparities.

Those who argue that "small is beautiful" overlook the incontrovertible conclusion reached by Professor Hendrik Houthakker of Harvard at your last Congress in 1975: "It is not possible for the world as a whole to become more prosperous by producing less."

In choosing the theme for your 26th conference -- Enterprise, Freedom and the Future -- the International Chamber has recognized the essential linkage between free people, free nations and free enterprise. Our future course will be determined by our ability to sustain these freedoms. So long as we have a free play of ideas and information, so long as we maintain a climate that stimulates invention, innovation and competition, our public and private institutions will have the kind of intellectual ferment and technological progress we need to produce the social and economic progress we seek.

"with responsibility we can keep & enhance free doms. abuses of others lead to controls. lack of freedom"

I know the deliberations that follow will be stimulating and productive, and I am sure you will leave Disney World ready to launch a new assault on the problems that command our future attention.

I now declare the 26th Congress of the International Chamber of Commerce opened!

/Note: The concluding sentence is essential -- it is the signal to set off a fireworks display.7

#

PRESIDENT JIMMY CARTER

INTERNATIONAL CHAMBER OF COMMERCE

CONGRESS

SUNDAY, OCTOBER 1, 1978, 6:15 P.M.

THANK YOU GOVERNOR ASKEW.

SECRETARY GENERAL WALDHEIM, PRESIDENT MACGREGOR, MEMBERS ^{50/1153}
OF CONGRESS, DISTINGUISHED GUESTS: *WALDHEIM/PROGRAM*
ECON ADVIS - FANTASY LAND

I AM PLEASED TO WELCOME THE INTERNATIONAL CHAMBER OF
COMMERCE TO ITS THIRD CONFERENCE ON U.S. SOIL, AND PROUD THAT
YOU HAVE RETURNED HERE AFTER TWENTY YEARS ABROAD.

IT IS A TRIBUTE TO YOUR GRACIOUS HOSTS IN FLORIDA THAT
NOW, FOR THE FIRST TIME IN YOUR HISTORY, YOU ARE NOT MEETING
IN THE CAPITAL CITY OF THE HOST NATION.

I COME HERE FEELING PROUD AND SOBERED.

A FEW HOURS AGO, I WALKED AMONG THE LAUNCHING PADS
AT CAPE KENNEDY, AND PLACED MEDALS AROUND THE NECKS OF FIVE
BRAVE ASTRONAUTS WHO HAD LED THE WAY TO SPACE, and in the
hands of Mrs Virgil Grissom, widow of one who died after
GREAT & COURAGEOUS FEATS.

THERE IS NO PROUDER TESTIMONY THAN THAT CENTER TO WHAT
MANKIND CAN ACCOMPLISH -- CALLING ON OUR CREATIVITY AND
RESOURCES, USING OUR VAST TECHNOLOGY FOR EXPLORATION RATHER
THAN CONQUEST, CHANNELING OUR COMPETITION INTO PEACEFUL ENDS.

THOSE ARE THE ACCOMPLISHMENTS OF A PRIVILEGED NATION --
PRIVILEGED IN ITS RESOURCES, PRIVILEGED IN ITS PLACE IN THE
WORLD.

(IT IS THOSE PRIVILEGES THAT)

IT IS THOSE PRIVILEGES THAT SOBER ME, FOR I BELIEVE THEY
CONSTITUTE THE MORAL OBLIGATION OF OUR TIMES.

I WANT TO TALK TONIGHT ABOUT THE RESPONSIBILITIES THAT
PRIVILEGE IMPOSES, ESPECIALLY ON THOSE WHO HOLD POSITIONS
OF LEADERSHIP, WHETHER THEY ARE LEADERS OF GOVERNMENT,
LEADERS OF PRIVATE CORPORATIONS, OR THOSE WHO LEAD OUR
SOCIETIES IN OTHER WAYS.

WE MEET AT AN UNUSUAL TIME IN OUR WORLD'S HISTORY.

IT IS A MOMENT OF RELATIVE CALM.

WE ARE MORE OR LESS FREE OF OVERT WARFARE, MORE OR
LESS FREE OF THE SEVERE DISLOCATIONS THAT HAVE DISRUPTED OUR
ECONOMIES.

YET IN THIS MOMENT WE MUST CONFRONT THE DEEPER PROBLEMS
OF HUMANITY.

NONE OF US CAN IGNORE HUNGER, OVER POPULATION, OR THE
UNEQUAL DIVISION OF THE WORLD'S GOODS.

WE HAVE ALL LEARNED THAT IN AN INTERDEPENDENT WORLD WE
CAN ONLY ADVANCE WHEN WE ADVANCE TOGETHER.

AS HUMAN BEINGS, OUR SENSE OF MERCY AND JUSTICE IS
OFFENDED WHEN INJUSTICE SO FREELY REIGNS.

MILITARY

BUT I ALSO KNOW THAT THE PURSUIT OF STRENGTH ALONE IS NOT
ENOUGH -- WE MUST HAVE THE CONFIDENCE ^{AND COURAGE} TO PURSUE EVERY AVENUE
FOR PEACE.

THAT IS WHY SECRETARY VANCE AND I HAVE JUST SPENT LONG HOURS
WITH FOREIGN MINISTER GROMYKO, NEGOTIATING IN EARNEST HOPE
OF AN EARLY AGREEMENT ON A STRATEGIC ARMS LIMITATION
TREATY -- ~~[AND I BELIEVE WE WILL HAVE THAT TREATY BEFORE~~
~~THE END OF THIS YEAR.]~~

BUT GOVERNMENT DOES NOT BEAR THE SOLE RESPONSIBILITY
FOR PEACE.

THROUGHOUT HISTORY THE FORCES THAT CAN UNITE US HAVE TOO
OFTEN DRIVEN US APART.

IDEOLOGY, RELIGION, ALLEGIANCE TO NATIONAL SOIL --
ALL HAVE THE POWER TO BRING WAR AMONG PEOPLES, OR TO ENABLE
THEM TO FIND PEACE AND CONCORD.

THIS AUDIENCE POSSESSES ANOTHER SUCH FORCE.

WITHIN THIS CENTURY, WE HAVE SEEN NARROW ECONOMIC
INTERESTS CAUSE THE FRICTION THAT CAN LEAD TO WAR.

BUT WE HAVE SEEN THE SAME ECONOMIC FORCES LIFT
HUMANITY ABOVE THE BITTEREST PREVIOUS DIVISIONS.

IT IS IN THIS TIME OF RELATIVE CALM THAT WE CAN ASSESS
OUR REASONS, WEIGH OUR OBLIGATIONS, AND DECIDE HOW BEST TO APPLY
OUR EFFORTS TO THESE GREAT OBLIGATIONS WE FACE AS LEADERS.

THERE IS ONE RESPONSIBILITY THAT TRANSCENDS ALL OTHERS,
AND THAT IS THE CAUSE OF PEACE.

LEADERS OFTEN UNDERESTIMATE THE WISDOM OF OUR PEOPLE, AND
HOW MUCH OUR PEOPLE DESIRE PEACE.

WE SAW A DRAMATIC DEMONSTRATION OF THIS RECENTLY.

WHEN TWO BRAVE LEADERS, PRESIDENT SADAT AND PRIME
MINISTER BEGIN, TOOK THE FIRST LONG STEP TOWARD PEACE, THEIR
PEOPLE REJOICED.

MY BELIEF IS THAT THE PEOPLE OF OTHER NEIGHBORING
NATIONS ALSO EQUALLY YEARN FOR PEACE.

MY BELIEF IS THAT

^THE GREAT HUNGER FOR A PEACEFUL WORLD IMPOSES ON US THE
OBLIGATION TO USE THE RESOURCES WE CONTROL CONSTRUCTIVELY --
TO USE THEM TO MINIMIZE FRICTIONS THAT CAN LEAD TO WAR.

AS THE LEADER OF MY GOVERNMENT, THERE IS NO RESPONSIBILITY
I TAKE MORE SERIOUSLY.

IT GUIDES EVERY DECISION I MAKE ABOUT OUR NATION'S DEFENSE
FORCES, FOR I KNOW THAT OUR UNQUESTIONED STRENGTH IS THE SUREST
GUARANTEE OF LIBERTY FOR OURSELVES, AND OF SECURITY FOR THE
WORLD.

(BUT I ALSO KNOW THAT THE)

HERE ~~REPEATED~~
MOST OF US ~~REMEMBER~~ CAN REMEMBER THE DAYS WHEN THE
UNITED STATES WAS ENGAGED IN TOTAL WAR AGAINST GERMANY AND
JAPAN -- COUNTRIES THAT ARE NOW OUR CLOSE ALLIES,

LARGELY THROUGH THE BONDS OF TRADE THESE NATIONS HAVE
BECOME OUR PARTNERS IN SEEKING A PROSPEROUS GLOBAL FUTURE.
I'VE OFTEN WONDERED WHAT WOULD HAVE HAPPENED IF
WE HAD THE SAME BONDS OF TRADE AND COMMERCE BEFORE

1939
AND
1941

THAT IS WHY I AM A STAUNCH ADVOCATE OF GLOBAL COMMERCE.

IT IS WHY I AM DETERMINED TO INCREASE SUBSTANTIALLY
UNITED STATES TRADE WITH OTHER NATIONS -- INCLUDING THE
SOVIET UNION AND THE PEOPLES' REPUBLIC OF CHINA.

I WILL NOT COMPROMISE OUR NATION'S SECURITY -- NOR THAT
OF OUR ALLIES -- BUT I BELIEVE THAT FRUITFUL ECONOMIC
RELATIONSHIPS CAN ADVANCE THE SECURITY OF ALL PEOPLES ON
EARTH.

LET ME REPEAT THAT

HERE AGAIN, GOVERNMENTS CAN NOT ACHIEVE THIS GOAL ALONE.

EVERY COMPANY INVOLVED IN INTERNATIONAL COMMERCE CAN
AGGRAVATE TENSIONS -- BY ENCOURAGING PROTECTIONISM, BY
SETTING NATION AGAINST NATION AND RICH AGAINST POOR -- OR IT
CAN WORK TO OVERCOME THESE NEGATIVE FORCES.

THAT RESPONSIBILITY WEIGHS HEAVILY ON ALL OF US WHO ARE
IN POSITIONS OF PRIVILEGE.

(WE KNOW THAT IF POWER)

WE KNOW THAT IF POWER OR PROFIT IS PURSUED FOR ITSELF
AND NOTHING MORE, THEN WE ARE NOT WORTHY OF ^{OUR} ~~THE~~ GIFTS ~~THAT HAVE~~
~~BEEN GIVEN US~~ -- BUT MORE IMPORTANTLY, OUR WORLD WILL SUFFER.

WITHOUT LEADERS OF VISION, WE CAN NEVER SOLVE THE
PROBLEMS THAT MOST SORELY AFFLICT US.

THERE IS ANOTHER RESPONSIBILITY THAT IS IMPOSED ON US,
THAT OF SIMPLE JUSTICE -- JUSTICE AMONG NATIONS OF THE WORLD,
AMONG THE PEOPLES OF EACH NATION.

IT IS NOT TOO MUCH TO BELIEVE THAT ALL PEOPLE SHOULD
HAVE AN EQUAL OPPORTUNITY TO ENJOY LIFE'S REWARDS -- WHETHER
THEY WERE BORN IN A POOR COUNTRY OR A RICH ONE, WHETHER
THEY WERE RAISED BY POOR PARENTS OR BY THOSE OF WEALTH.

THE WORLD'S GOVERNMENTS HAVE A RESPONSIBILITY TO
PURSUE SOCIAL JUSTICE.

IN THE UNITED STATES, WE HAVE INCREASED OUR FOREIGN
AID APPROPRIATIONS, AND RAISED A STRONG VOICE ON BEHALF OF
HUMAN RIGHTS -- POLITICAL, SOCIAL, ECONOMIC -- THROUGHOUT
THE WORLD.

WE RECOGNIZE THAT TRADE AND FREE ECONOMIES OFFER THE BEST
HOPE OF IMPROVING LIVING STANDARDS AND ^{A BETTER CHANCE OF} PROTECTING ~~THE~~ INDIVIDUAL
FREEDOMS ~~OF ALL PEOPLES~~.

IT IS VERY IMPORTANT THAT WE ALL
WORK

WE ARE DETERMINED TO BRING ALL NATIONS OF THE WORLD --
ESPECIAL
INCLUDING THE EASTERN NATIONS, THE OPEC NATIONS, AND THE
UNDERDEVELOPED COUNTRIES -- MORE CLOSELY INTO THE WORLD
ECONOMY. FINANCIAL AND ECONOMIC ORGANIZATIONS.

MEET OUR OWN RESPONSIBILITIES,

TO ~~THIS END~~ WE ARE EXPANDING OUR EXPORTS, SUSTAINING OUR
ECONOMIC GROWTH AT A RATE WHICH PERMITS US TO BUY FROM OTHER
NATIONS, AND TAKING TOUGH BUT SENSIBLE STEPS TO PRESERVE THE
VALUE OF THE DOLLAR AS A RESERVE CURRENCY.

THESE ACTIONS WILL HELP ^{TO} DISTRIBUTE THE WORLD'S WEALTH
MORE EQUITABLY.

BUT I KNOW AS WELL AS YOU THAT MULTINATIONAL COMPANIES --
THE ORGANIZATIONS ^{SOME} ~~MOST~~ OF YOU REPRESENT -- CAN OFTEN DO MORE
THAN GOVERNMENTS TO DETERMINE HOW FAIRLY THE WORLD'S
REWARDS ARE SHARED.

THE INTERNATIONAL CHAMBER DESERVES GREAT CREDIT FOR THE
CONTRIBUTIONS YOU HAVE MADE; FOR THE ETHICAL CODE YOU DEVELOPED;
FOR YOUR WORK WITH THE UNITED NATIONS, AND YOUR MANY OTHER
PROGRESSIVE ACTS.

(ORGANIZATIONS LIKE YOUR OWN)

ORGANIZATIONS LIKE YOUR OWN, AND THE COMPANIES YOUR
MEMBERS REPRESENT, HAVE BROUGHT THE BENEFITS OF TRADE,
TECHNOLOGY, EDUCATION, AND MEDICINE TO PARTS OF THE WORLD
THAT HAD BEEN TOO LONG WITHOUT THEM.

REALIZE BUT YOU KNOW AS WELL AS I DO HOW OFTEN SOME GREAT LEADERS
BEEN KNOWN TO CORPORATIONS HAVE EXPLOITED WEAK NATIONS, ABUSED POOR WORKERS,
AND TOLERATED RACISM, OVERLOOKED BRIBERY, PAY-OFFS AND CORRUPTION
BY TRUSTED EMPLOYEES.

YOU KNOW HOW OFTEN SOME HAVE BEEN UNWORTHY OF THE GREAT
POWER THEY POSSESS.

AND YOU KNOW, AS WELL AS I, THAT POWER LONG ABUSED
CANNOT BE MAINTAINED.

IT CANNOT BE MAINTAINED, NOT ONLY BECAUSE IT IS WRONG,
BUT BECAUSE IT DEFIES THE TREND OF THE TIMES.

FOR THE PAST FEW DECADES, NATIONALISM WAS THE VISION WHICH
MOVED \$ INSPIRED PEOPLE AROUND THE WORLD.

NOW THAT REVOLUTION HAS LARGELY BEEN COMPLETED ~~ACHIEVED~~ -- AND
OTHER GOALS ARE EMERGING.

JUSTICE, EQUITY, HUMAN RIGHTS, AND FREEDOM -- THESE ARE
THE WAVE OF THE PRESENT, AND OF THE FUTURE.

WE SHOULD RIDE THAT WAVE.
BE A PART OF IT!

AN EXPANDED ANTI-INFLATION PROGRAM

SOON I WILL ASK FOR A BALANCED, REASONABLE SACRIFICES FROM
BUSINESS, LABOR, AND EVERY OTHER SEGMENT OF OUR ECONOMY.

STEP

THE SECOND A IS TO REDUCE OUR DEPENDENCE ON FOREIGN OIL.

WE ARE ON THE VERGE OF ENACTING A COMPREHENSIVE ENERGY
PROGRAM, WHICH WILL INCREASE OUR DOMESTIC PRODUCTION AND
REDUCE ENERGY WASTE.

ENERGY IS A WORLDWIDE PROBLEM, AND OUR RESPONSIBILITIES
EXTEND BEYOND OUR BORDERS.

WE WILL NEVER ATTEMPT TO OBSTRUCT EXPLORATION AND THE
DEVELOPMENT OF WORLDWIDE ENERGY RESOURCES.

OUR GREAT TECHNOLOGY IS AVAILABLE FOR OTHERS TO USE.

THE THIRD PLEDGE WE MADE AT BONN WAS TO EXPAND OUR EXPORTS
AND BROADEN WORLD TRADE AND INVESTMENT, [WHILE DISCOURAGING I MIGHT
EXCESSIVE INFLUENCES ADD
THE SPECULATION THAT UNSETTLES FOREIGN EXCHANGE MARKETS]

WE WILL EXPAND OUR EXPORTS TO GET OUR CURRENT ACCOUNT DEFICIT
UNDER CONTROL.

U.S. TRADE RELATIONSHIPS AND EXPORT PERFORMANCE ARE NOT
JUST A DOMESTIC CONCERN.

AS OUR TRADE ENCOURAGES PEACE, OUR EXPORT GROWTH WILL
SPUR THE WORLD ECONOMY.

- 9 -

IF WE CAN MARSHALL OUR RESOURCES IN THE CAUSE OF
RIGHT, IF WE CAN PURSUE PEACE AND JUSTICE AS ENERGETICALLY
AS WE PURSUE POWER AND PROFIT, THEN WE CAN ACHIEVE THESE
GOALS -- AND ~~ALSO AGREE~~ ^{IN THE PROCESS WIN THE} TO FIGHT OTHER MODERN EVILS ^{SUCH} AS
INTERNATIONAL TERRORISM. ^{AGAINST}

^{ALL}
THESE ARE SHARED RESPONSIBILITIES, ONES YOU MUST TAKE
AS SERIOUSLY AS I.

BUT THERE ARE SOME VERY SPECIFIC RESPONSIBILITIES OF
THE UNITED STATES GOVERNMENT WHICH I WOULD LIKE TO
DISCUSS HERE THIS EVENING BECAUSE THEY AFFECT EVERYONE ~~XX~~
~~XXXX~~ HERE AND THOSE YOU REPRESENT.

THE UNITED STATES HAS A RESPONSIBILITY TO CONTRIBUTE
TO GLOBAL ECONOMIC STABILITY AND WELL-BEING.

THERE ARE THREE IMPORTANT STEPS OUR NATION IS TAKING,
BASED ON THE COMMITMENTS I MADE TWO MONTHS AGO AT BONN.

THE FIRST IS TO REDUCE INFLATION.

I WILL SOON ANNOUNCE A TOUGH NEW PROGRAM DESIGNED TO
BRING INFLATION UNDER CONTROL.

WE HAVE ALREADY ACTED TO MAKE SURE THAT THE GOVERNMENT
SETS AN EXAMPLE -- CUTTING UNNECESSARY SPENDING, REDUCING
FEDERAL PAY INCREASES, REMOVING UNNECESSARY REGULATIONS, AND
LETTING THE FREE MARKET SET PRICES WHEREVER IT CAN.

(SOON I WILL ASK FOR BALANCED.)

PRODUCTION
U.S. FOOD ^{IS} A GREAT WORLD RESOURCE -- ^{MORE} ~~START~~ ^{SUPPLIES} ~~INCREASING~~
AGRICULTURAL EXPORTS NOT ONLY FEEDS THE WORLD'S HUNGRY,
BUT ALSO REDUCES OUR TRADE DEFICIT, WHICH IN TURN HELPS STRENGTHEN
THE DOLLAR. AND WILL HONOR
WE ACCEPT ^A THE RESPONSIBILITIES THAT GO WITH THE DOLLAR'S
ROLE AS AN INTERNATIONAL RESERVE CURRENCY.

OUR PRESENT POLICIES ARE DESIGNED TO FIGHT INFLATION AND
ACHIEVE THAT GOAL.

I HAVE NO DOUBT THAT ~~IN TIME~~ THE DOLLAR WILL RISE IN
RESPONSE TO ITS FUNDAMENTAL VALUE AND EMERGING ECONOMIC
TRENDS.

STABLE, NON-INFLATIONARY GROWTH ENABLES PUBLIC AND
PRIVATE INSTITUTIONS TO MEET THEIR OBLIGATIONS TO THE POOR
TWO-THIRDS OF THE WORLD.

WE MUST DO MORE TO HELP THESE COUNTRIES -- BY TRADE, AID
AND OTHER MEASURES.

PRIVATE ENTERPRISE HAS A LARGE RESPONSIBILITY HERE.
WORLD PROSPERITY DEPENDS AT LEAST AS MUCH ON THE WISDOM
AND FORESIGHT, OF PRIVATE BUSINESS LEADERS AS ON THE GOOD
SENSE OF GOVERNMENT.

I DESCRIBE THE STEPS THE U.S. GOVERNMENT IS TAKING NOT
BECAUSE THEY WILL SOLVE ALL OUR PROBLEMS -- FOR THEY WON'T,

(NOR BECAUSE THEY ARE UNUSUALLY)

NOR BECAUSE THEY ARE UNUSUALLY BRAVE ONES -- THEY ARE
NOT.

I MENTION THEM AS AN INDICATION OF HOW DEEPLY I BELIEVE
MY NATION HAS A RESPONSIBILITY IN THE WORLD.

EACH OF THESE STEPS INVOLVES SOME SACRIFICE FOR THE AMERICAN
PUBLIC.

IN MANY CASES, THEY REQUIRE DEFERRAL OF GOALS WE WOULD
PREFER TO PURSUE.

BUT I THINK MY NATION HAS COME TO THE RECOGNITION
THAT ONLY THROUGH VISION, ACCOMMODATION, AND OCCASIONAL
SACRIFICE CAN WE BE WORTHY OF OUR PRIVILEGE; THAT ONLY BY
FULFILLING OUR OBLIGATIONS CAN WE WIN ANY OF THE REWARDS
THAT ARE TRULY WORTH POSSESSING.

I BELIEVE, AS I KNOW YOU DO, THAT THE BEST WAY TO
ACHIEVE THE WORLD WE SEEK IS THROUGH A FREE POLITICAL AND
ECONOMIC SYSTEM.

THIS MEANS A POLITICAL SYSTEM IN WHICH GOVERNMENTS ANSWER
FOR THEIR ACTIONS TO THEIR PEOPLES.

IT MEANS AN ECONOMIC SYSTEM IN WHICH RESOURCES ARE
ALLOCATED AS MUCH AS POSSIBLE BY PRIVATE DECISIONS.

I BELIEVE IN THE FREE MARKET.

I PROSPERED IN IT AS A BUSINESSMAN; I KNOW IT IS THE
BEST ROUTE TO PROGRESS FOR ALL.

*BUSINESS LEADERS - DO NOT ASK
FOR PROTECTION - THEN DEPLORE
IT FOR OTHERS*

IN CHOOSING THE THEME FOR YOUR 26TH CONFERENCE --
ENTERPRISE, FREEDOM AND THE FUTURE -- THE INTERNATIONAL
CHAMBER HAS RECOGNIZED THE ESSENTIAL LINKAGE BETWEEN FREE
PEOPLE, FREE NATIONS AND FREE ENTERPRISE.

OUR FUTURE COURSE WILL BE DETERMINED BY OUR ABILITY
TO SUSTAIN THESE FREEDOMS.

WE MUST MEET OUR RESPONSIBILITIES TO KEEP AND ENHANCE
THOSE FREEDOMS.

ANY ABUSES OF OUR POWER AND INFLUENCE WILL LEAD TO
INTERNATIONAL CONSTRAINTS AND CONTROLS, AND A LACK OF FREEDOM.

PEACE AND FREEDOM ARE OUR FIRST PRIORITIES.

SO LONG AS WE HAVE A FREE PLAY OF IDEAS AND INFORMATION,
SO LONG AS WE MAINTAIN A CLIMATE THAT STIMULATES INVENTION,
INNOVATION AND COMPETITION, OUR PUBLIC AND PRIVATE INSTITUTIONS
WILL HAVE THE INTELLECTUAL FERMENT AND TECHNOLOGICAL PROGRESS
WE NEED TO PRODUCE SOCIAL AND ECONOMIC PROGRESS.

I KNOW THE DELIBERATIONS THAT FOLLOW WILL BE STIMULATING
AND PRODUCTIVE, AND I AM SURE YOU WILL LEAVE DISNEY WORLD
READY TO LAUNCH A NEW ASSAULT ON THE PROBLEMS THAT COMMAND
OUR FUTURE ATTENTION.

(I NOW DECLARE THE 26TH CONGRESS)

I NOW DECLARE THE 26TH CONGRESS OF THE INTERNATIONAL
CHAMBER OF COMMERCE OPENED!

/NOTE: THE CONCLUDING SENTENCE IS ESSENTIAL -- IT IS
THE SIGNAL TO SET OFF A FIREWORKS DISPLAY./

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THE WHITE HOUSE
WASHINGTON
September 30, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, DENNIS FITZGIBBONS

SUBJECT: Talking Points - Reception before ICC Speech
10/1/78

(1) I would like to thank all of you, and Governor Askew, for extending the invitation to the world's business leaders to join us here today in Florida. This is the first time in 20 years that the ICC has met in the United States. I understand it has taken a great deal of time and effort, as well as money, to bring the ICC and I give you my heart felt thanks for that.

(2) What you have done is a great service to yourselves, and to your country. I have always believed that as long as we talk openly and seriously about the issues that we face, that we can address and solve many of our problems.

I think we proved at Camp David that if we carry on meaningful discussions, we can make great strides toward reaching our goals. Prime Minister Begin and President Sadat are not ordinary people, but through the most ordinary human activity -- simply sitting down, and discussing their differences -- they were able to make dramatic progress toward peace.

At Bonn, the leaders of the world's great economic nations realized the strength that could come from a dialogue. And we realized the responsibilities, and obligations, that come from leadership, that come from taking the initiative, that come in making a concerted common effort to deal with difficulties we may encounter.

(3) You have taken the initiative today, and we are all grateful. We do not live in isolation. That is true in our neighborhoods, our cities, our states, our countries, and our world. All of us must take an active role, in our personal and political lives, to make our communities, large

and small, better places in which to live. Business and government, public and private, Protestant, Catholic, and Jewish, have common goals. No one likes unemployment. No one likes inflation. No one wants an energy shortage. And no one wants war.

We have made some progress. We have six million more people working today than on the day I was elected. We've cut the budget deficit from sixty-six billion dollars to around forty. We've taken the first steps toward a comprehensive energy policy, a policy our country cannot do without. And we are close to bringing calm to an area that has known nothing but conflict.

We still have work to do. I thank you for making the job that we must all do a little easier, and I hope that you will continue working until we have reached our goals.

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